

**REVENUE DEPARTMENT[701]**

**Notice of Intended Action**

**Proposing rule making related to excise taxes and fees  
and providing an opportunity for public comment**

The Revenue Department hereby proposes to amend Chapter 3, “Voluntary Disclosure Program,” Iowa Administrative Code.

*Legal Authority for Rule Making*

This rule making is proposed under the authority provided in Iowa Code section 421.14.

*State or Federal Law Implemented*

This rule making implements, in whole or in part, Iowa Code section 421.5.

*Purpose and Summary*

In the design of its new tax administration system, the Department is incorporating its voluntary disclosure agreement (VDA) process into the filing system. In reviewing relevant rules for the VDA program, the Department noticed the list of permitted tax types does not include all excise taxes and fees. The Department proposes to add excise taxes and fees that were not part of the Iowa Code the last time subrule 3.1(3) was updated: the water service excise tax, equipment excise tax, state and local hotel and motel taxes, automobile rental excise tax, and prepaid wireless 911 surcharge. The proposed amendments to the subrule would make clear that all tax types are eligible for a VDA.

*Fiscal Impact*

This rule making has no fiscal impact to the State of Iowa.

*Jobs Impact*

After analysis and review of this rule making, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

*Public Comment*

Any interested person may submit written or oral comments concerning this proposed rule making. Written or oral comments in response to this rule making must be received by the Department no later than 4:30 p.m. on July 6, 2021. Comments should be directed to:

Tim Reilly  
Department of Revenue  
Hoover State Office Building  
P.O. Box 10457  
Des Moines, Iowa 50306  
Phone: 515.782.0535  
Email: [tim.reilly@iowa.gov](mailto:tim.reilly@iowa.gov)

### *Public Hearing*

No public hearing is scheduled at this time. As provided in Iowa Code section 17A.4(1)“b,” an oral presentation regarding this rule making may be demanded by 25 interested persons, a governmental subdivision, the Administrative Rules Review Committee, an agency, or an association having 25 or more members.

### *Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rule-making action is proposed:

Amend subrule 3.1(3) as follows:

**3.1(3) *Type of taxes eligible.*** Only taxes, penalties and interest related to Iowa source income are eligible for settlement under the voluntary disclosure program. For purposes of this rule, “Iowa source income” means the tax base and the tax collection responsibility for the following enumerated taxes: corporate income tax, franchise tax, fiduciary income tax, withholding income tax, individual income tax, local option school district income surtax, state sales tax, state use tax, motor fuel taxes, cigarette and tobacco taxes, ~~and local option taxes,~~ state and local hotel and motel taxes, automobile rental excise tax, equipment excise tax, water service excise tax, and the prepaid wireless 911 surcharge.